

**STATE OF MICHIGAN
DEPARTMENT OF CONSUMER & INDUSTRY SERVICES
OFFICE OF FINANCIAL AND INSURANCE SERVICES
Supervisory Affairs & Insurance Monitoring Division**

Before the Commissioner of Financial and Insurance Services

In the matter of the acquisition of control of
Household Life Insurance Company by
HSBC Holdings plc/

No. 03-014-M

Issued and entered
this 11th day of March, 2003
by Ronald C. Jones, Jr.
Acting Commissioner

ORDER APPROVING ACQUISITION

On December 30, 2002, HSBC Holdings plc filed a Form A statement seeking approval for the acquisition of control of Household Life Insurance Company (HLIC). HLIC is a Michigan stock insurer authorized in Michigan to transact the business of life insurance and disability insurance, as provided in Sections 602 and 606 of Chapter 6 of the Michigan Insurance Code.

The name of the applicant seeking control of the subject insurer is HSBC Holdings plc, whose principal business office is located in London, United Kingdom, its place of incorporation. HSBC Holdings plc is a large global banking and financial services organization with businesses in Europe, the Asia-Pacific region, the Americas, the Middle East, and Africa. HSBC Holdings plc does business in the U.S. through its principal U.S. subsidiary, HSBC Bank USA, a New York state-chartered bank headquartered in Buffalo, New York.

HSBC Holdings plc is listed on the London, Hong Kong, New York, and Paris stock exchanges. The \$.50 ordinary shares are traded on the London, Hong Kong, and Paris stock exchanges and are traded in New York in the form of American Depositary Shares (ADS).

After review of the Form A filing and additional information supplied at various dates, the Commissioner FINDS and CONCLUDES as follows:

1. The proposed acquisition constitutes a change of control as defined by MCL 500.115, and is subject to prior approval of the Commissioner pursuant to the provisions of MCL 500.1311 to 1319.
2. The Form A statement as supplemented, meets the filing requirements of MCL 500.1312 applicable to this proposed acquisition.

3. MCL 500.1315 requires the Commissioner to approve any merger or other acquisition of control of a domestic insurer, unless the Commissioner determines on the basis of information furnished to the Commissioner that one or more of the conditions enumerated under MCL 500.1315(1) exists.
4. None of the conditions specified in Section 1315(1) exists.

Therefore, based upon the representations HSBC Holdings plc, and the above Findings of Fact and Conclusions of Law, it is hereby ORDERED that the acquisition of control of Household Life Insurance Company is approved contingent upon the following:

- HSBC Holdings plc agrees to remove any executive officers and/or directors who have unfavorable fingerprint results.
- The Office of Financial and Insurance Services receives a certified copy of Household International, Inc.'s shareholder resolution to approve the merger to be voted on at the special meeting of the stockholders to be held in Prospect Heights, Illinois on March 28, 2003.

This order is set to expire 120 days after its issuance unless the above contingencies are met.



Ronald C. Jones, Jr.
Acting Commissioner